

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:4404
ANSWERED ON:25.08.2005
CESS ON PETROLEUM PRODUCTS
Kathiria Dr. Vallabhbhai;Sonowal Shri Sarbananda

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether a cess on petroleum products was imposed in 1974 with the sole and principal objective of developing the petroleum industry;
- (b) if so, the amount accumulated so far;
- (c) the percentage of the accumulated amount spent till date for the development of petroleum industry particularly in Assam; and
- (d) the manner in which the Government is using the balance amount?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) Cess on crude oil was imposed in 1974 by the Government under section 15 of Oil Industry (Development) Act, 1974 with the objective to provide financial assistance to the oil industry as defined under section 2(k) of the Act which includes, inter-alia, production of mineral oil, refining, marketing of all products downstream of an oil refinery; and the production of fertilizer and petrochemicals, and all activities directly or indirectly connected therewith.

(b) The Government has collected a net cess amount of approximately Rs.55,967 crores as on 31.3.2005.

(c) & (d) Utilisation of cess on crude oil is governed by the provisions of section 2(k) of the Oil Industry Development Act, 1974. The term "oil industry" includes fertilizer and petrochemicals for the purposes of the Act. The expenditure incurred so far on the oil industry is in excess of the cess collection. Till date, approximately Rs.3250 crore as loans and Rs.11 crore as grants have been released by the Oil Industry Development Board to the oil sector PSUs/other organisations for the development of the oil industry in the Assam Region.